Special Session

Agenda Item #	2
Meeting Date	July 30, 2007
Prepared By	Suzanne Ludlow, Community and Government Liaison
Approved By	Barbara B. Matthews, City Manager

Discussion Item	Resolution Commenting on the Intercounty Connector
Background	A proposed east-west highway in Montgomery County was first proposed in the 1950's. In 1997, the Takoma Park City Council approved a resolution in opposition to the construction of this highway, known as the "Intercounty Connector." Approval to proceed with the project was granted in 2006. Opposition to the construction of the highway continues. The project will cost approximately $3.1 billion, according to Maryland Department of Transportation estimates. Maryland funding for the ICC project will limit funds for the Purple Line and other needed State transportation projects. Concerns over harmful environmental effects of the construction and operation of the highway continue.
Policy	The City Council is concerned with issues of health and transportation options available for the Takoma Park community.
Fiscal Impact	N/A
Attachments	Resolution #1997-52, excerpts from the ICC website, cost estimates of BRAC initiatives
Recommendation	Vote on resolution.
Special Consideration	

Introduced By:

RESOLUTION #2007-___

In Continued Opposition To The Building Of The Inter-County Connector

WHEREAS, the citizens of Takoma Park are affected by development and transportation projects in the region that increase automobile traffic, damage the environment, and lead to unwise development; **AND**

WHEREAS, the Takoma Park City Council passed Resolution #1997-52 in opposition to the building of the Inter-County Connector (ICC) on September 22, 1997 due to their concerns about the impacts of the proposed ICC on the Takoma Park community; **AND**

WHEREAS, the State of Maryland is proceeding with the development of the ICC; **AND**

WHEREAS, the Maryland Department of Transportation estimates that building the proposed ICC would cost more than $3 billion; **AND**

WHEREAS, debt issued by the State of Maryland for the ICC would consume a large percentage of Maryland's remaining debt capacity, jeopardizing the state's ability to invest in schools, public health, and other vital programs; **AND**

WHEREAS, some of the debt would be through $750 million in Grant Anticipated Revenue Vehicle (GARVEE) bonds, which borrows against expected future Federal transportation funding, although the level of future Federal transportation funding is uncertain; **AND**

WHEREAS, the Inter-County Connector financing plan diverts $265 million over four years from Maryland's General Fund, at a time when the State faces large budget shortfalls and many non-transportation programs lack sufficient funding; **AND**

WHEREAS, the Inter-County Connector financing plan also diverts $180 million from Maryland's Transportation Trust Fund, at a time when many urgently needed transportation projects and programs are being deferred or under-funded; **AND**

WHEREAS, building the ICC would jeopardize funding for many worthwhile transit and transportation safety projects in Maryland, including the construction of the Purple Line; **AND**

WHEREAS, the ICC would increase sprawl, vehicle miles traveled regionally, air pollution, and emissions of greenhouse gases; **AND**

WHEREAS, greater attention to appropriate land use and investment in transit and alternative modes of transportation is a better solution to traffic congestion than building highways.

NOW, THEREFORE, BE IT RESOLVED that the Takoma Park City Council urges its representatives at the county, state and national levels to discontinue all plans to build the Inter-County Connector; **AND**

BE IT FURTHER RESOLVED that the State of Maryland use its transportation funds to provide greater support to transit projects such as the Purple Line and to transportation safety projects and programs.

ADOPTED this XX day of July, 2007.

Introduced by: Councilmember Porter

RESOLUTION #1997-52

IN OPPOSITION TO THE BUILDING OF THE INTER COUNTY CONNECTOR

WHEREAS, the citizens of Takoma Park are affected by development and transportation projects in Montgomery County that increase automobile traffic, damage the environment, and lead to unwise development; AND

WHEREAS, the building of the Inter County Connector, along any of the proposed alternatives, would contribute to increased sprawl development by providing access to areas that are largely undeveloped; AND

WHEREAS, the ICC would offer no significant relief for the traffic congestion affecting existing roads in Montgomery County; AND

WHEREAS, the building of such a major roadway would have a negative impact on environmentally fragile areas that lie in its path, regardless of how the roadway is constructed; AND

WHEREAS, urban areas in other parts of the country have reduced traffic congestion without building major roadways by altering land use patterns and expanding transit facilities; AND

WHEREAS, although recent decisions by county and state agencies have altered some of the routing options under consideration, the new alternatives would have many of the same drawbacks as the previous options.

THEREFORE, BE IT RESOLVED, by the Council of the City of Takoma Park, that we urge our representatives at the county, state, and national levels to discontinue all plans to build the Inter County Connector; AND

BE IT FURTHER RESOLVED, that we encourage county planning agencies to remove the ICC from county master plans and preserve as parkland the publically-owned land in the ICC right-of-way.

ADOPTED this 22nd day of September, 1997.

What and Why

The Intercounty Connector (ICC) will link existing and proposed development areas between the I-370 and I-95/US 1 corridors within central and eastern Montgomery County and northwestern Prince George's County with a state-of-the-art, multi-modal east-west highway that limits access and accommodates the movement of passengers and goods.

This ICC is intended to:

- Increase community mobility and safety
- Facilitate the movement of goods and people to and from economic centers
- Provide cost-effective transportation infrastructure to serve existing and future development patterns reflecting local land use planning objectives
- Help restore the natural, human and cultural environments from past development impacts in the project area
- Advance homeland security by providing additional mobility

Purpose and Need

The philosophy of any federally funded transportation project lies within the Purpose and Need Statement. As part of the project process, the SHA/MdTA and FHWA developed the "Purpose and Need Statement" for the ICC project. This brief document is one of the most important parts of the Environmental Impact Statement. The Purpose and Need Statement established why the agencies proposed to study the project. It was the foundation for determining whether alternatives met the needs in the area.

The Purpose and Need Statement was developed to address needs and deficiencies in the transportation infrastructure of the project area. It provided the basis for alternative development and analysis and established the basis for moving forward with an action.

Click here to view the Purpose and Need Statement for the ICC.

The Purpose
An ICC is intended to link existing and proposed development areas between I-270 and I-95/US 1 with a state-of-the-art, limited access, east-west highway.

Study Area Needs

- **Community Mobility and Safety Mobility**
  in the study area is severely limited, which restricts job opportunities, interaction between communities, access to government and community services, and contributes to a decreased quality of life.
- **Local Land Use**
  An east-west regional highway is needed to serve the land use and to support the region's planned orderly growth and development patterns.
- **Movement of Goods and People to- and- from Economic Centers**
  An east-west highway north of the Capital Beltway is needed to support the continued attraction and retention of businesses and employment opportunities in the region.
- **Homeland Security**
  A new east-west highway will provide much- needed system capacity for military access, population evacuation and emergency vehicle access in-and-around the National Capital
- **Resource Impacts and Environmental Enhancements**

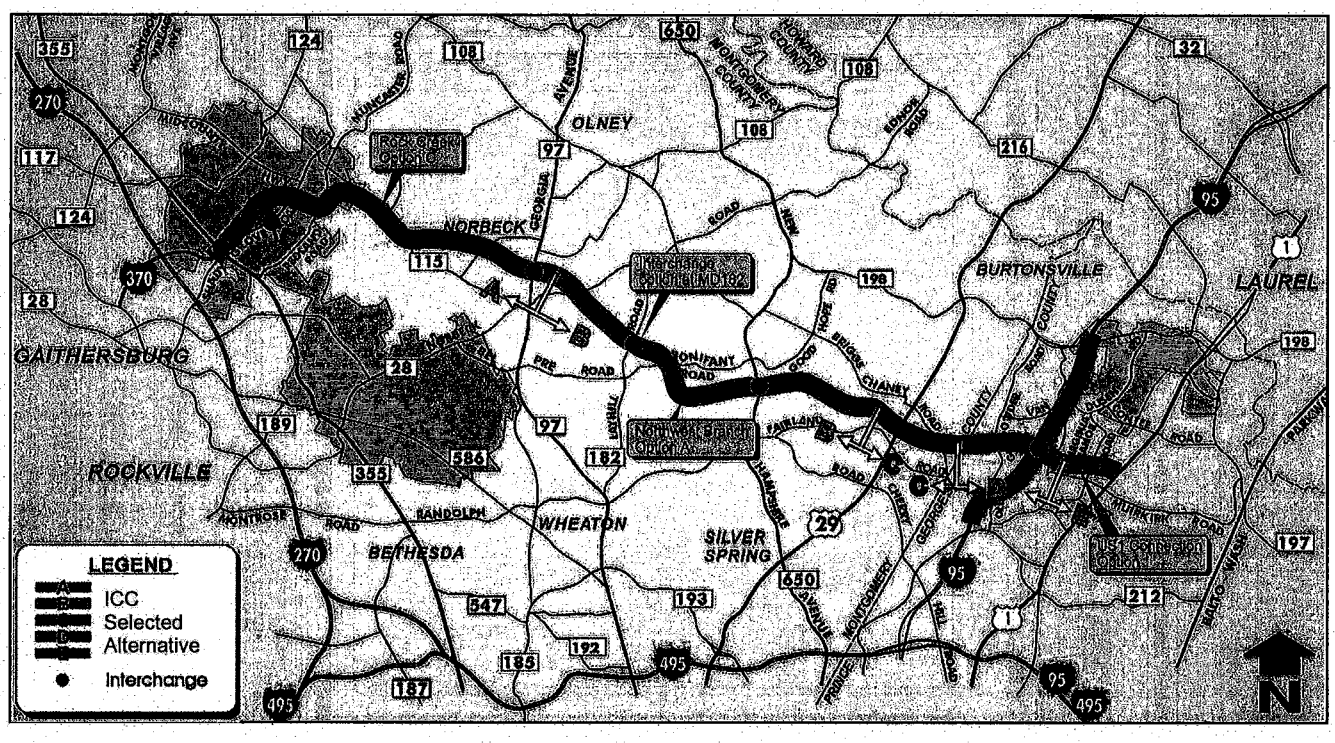
Alternatives will be developed in an environmentally sensitive manner and will incorporate restoration and enhancement features to help bring about improvements to environmental conditions that exist today because of past development in the area.

INTERCOUNTY CONNECTOR

ICC

INTERCOUNTY CONNECTOR PROJECT

2006 INITIAL FINANCIAL PLAN



DATE SUBMITTED: **JUNE 13, 2006**

SUBMITTED IN PARTNERSHIP BY:

MARYLAND STATE HIGHWAY ADMINISTRATION

MARYLAND TRANSPORTATION AUTHORITY

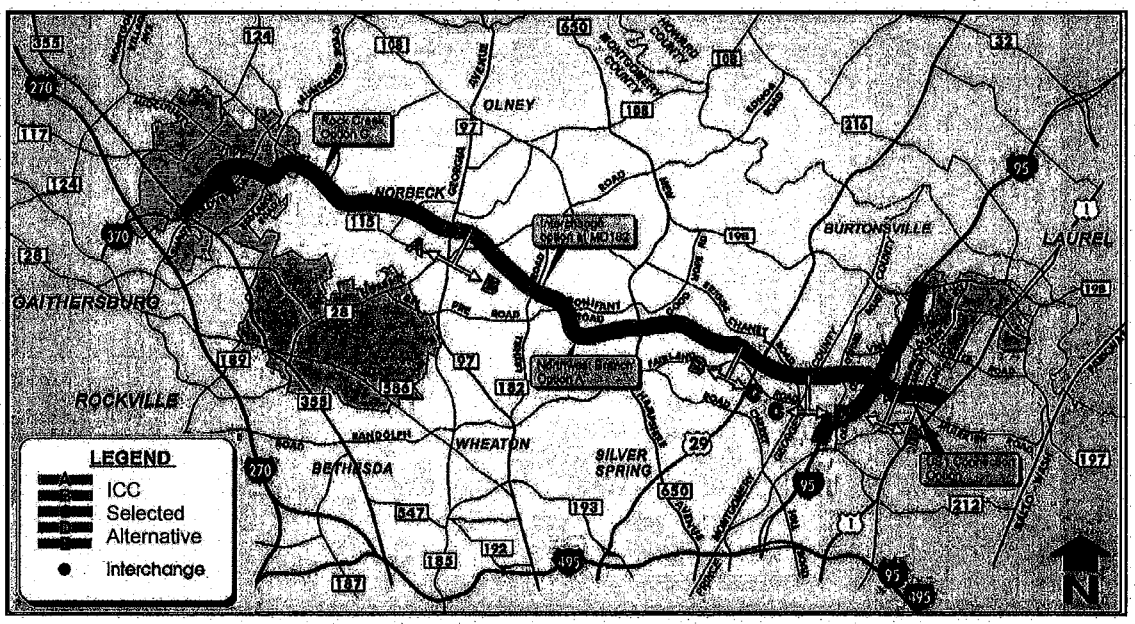
SECTION 1 – INTRODUCTION

PROJECT DESCRIPTION

The Intercounty Connector (ICC) project will link existing and proposed development between the I-270 and I-95/US 1 corridors within central and eastern Montgomery County and northwestern Prince George's County with a state of the art, multi-modal east-west highway that accommodates passenger and goods movement. The 18.8-mile controlled access highway is intended to:

- increase community mobility and safety;
- facilitate the movement of goods and people to and from economic centers;
- provide cost-effective transportation infrastructure to serve existing and future development patterns reflecting local land use planning objectives;
- help restore the natural, human and cultural environments from past development impacts in the project area; and
- advance homeland security.

Exhibit 1-1: Project Map



The roadway will be constructed in five segments:

Exhibit 1-2: Project Segments

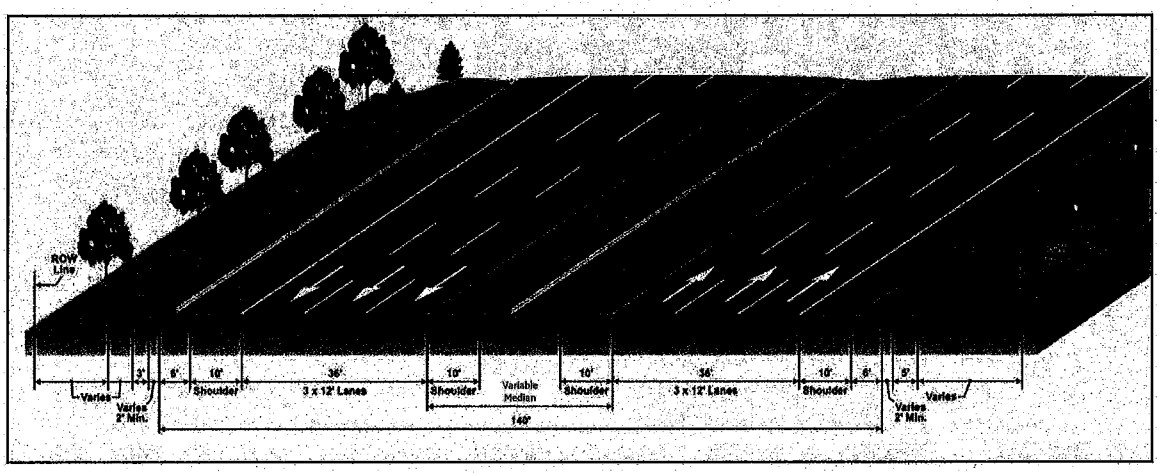
Contract	Jurisdiction	Project Segment
A	Montgomery	I-270 to east of MD-97 (7.2 mainline miles)
B	Montgomery	East of MD-97 interchange to west of US-29 (6.9 mainline miles)
C	Montgomery	US-29 Interchange (1.8 mainline miles)
D	Prince George's	I-95 Interchange (2.0 mainline miles)
E	Prince George's	East of I-95 to US-1 (0.9 mainline miles)

(Note: Each segment is identified by the contract code that will be used throughout this document.)

The ICC project will consist of the following features:

- Controlled access highway with interchanges spaced throughout the facility
- Intelligent Transportation Systems (ITS), such as variable message signage
- Fully Electronic Toll Collection (ETC) with no toll plazas
- Six basic lanes (three per direction) with a 60-mph design speed
- Variable typical sections, and a median of varying width (varying from 26 to 50 feet)
- Guardrail, retaining walls, and other roadside treatments to reduce the road's footprint
- Noise barriers and screening where warranted, feasible and reasonable
- Environmental Stewardship features
- Express bus service, Park-and-Ride lot, bicycle, and pedestrian facilities.

Exhibit 1-3: Cross Section



The Maryland Transportation Authority (MdTA or "the Authority"), which owns and operates seven toll highways, bridges and tunnels in Maryland, will own and operate the ICC as a tolled facility. The ICC's toll system will be fully electronic, involving a system of overhead gantries which will collect tolls electronically while allowing traffic to flow at full speed. All users will pay tolls electronically, either through the use of a transponder (e.g., *E-ZPass*℠) or through video tolling, in which the vehicle's license plate is photographed and then used to identify and bill the owner of the vehicle. Since there will be no toll plazas, cash payments will not be possible.

The toll rates to be charged on the ICC will be determined by the Authority, and will most likely be set a short time prior to the opening of the ICC. It is assumed that toll revenue collection on segment A would begin in FY 2010; toll revenues from the remainder of the project are assumed to begin in FY 2012.

Toll rates will be established and modified from time to time in order to achieve a blend of various goals, including: (1) generating adequate revenue to cover operating costs and, at a minimum, a portion of its capital cost, and ultimately contributing to funds available to the Authority for other system-wide needs, and (2) managing traffic demand and congestion on the ICC roadway.

Federal Highway Administration (FHWA) approval is needed to establish the ICC as a tolled highway because the project will use federal funds. Pursuant to the requirements of Section 129 of Title 23 of the United States Code, a "Section 129 Agreement" is being developed. This will likely be approved shortly. (Also see discussion in Section 6.)

PROJECT SPONSORS

Maryland Department of Transportation

The Maryland Department of Transportation (MDOT) is responsible for all State-owned transportation facilities and programs (except for transportation facilities owned and operated by the Authority), including the planning, financing, construction, operation and maintenance of various transportation facilities and the performance of related licensing and administrative functions. The modal administrations of MDOT created by statute are the Maryland Aviation Administration, the Maryland Port Administration, the Motor Vehicle Administration, the Maryland Transit Administration and the Maryland State Highway Administration. MDOT provides funds for the construction and operation of transportation facilities through a combination of taxes and fees, user charges, federal aid and bond proceeds credited to and expended from the Transportation Trust Fund.

Maryland State Highway Administration

The Maryland State Highway Administration (MSHA) is a modal administration of MDOT. It maintains more than 16,000 lane miles of interstate, primary and secondary roads and more than 2,500 bridges. MSHA plans, designs, builds, and maintains state roads and bridges to the highest safety and performance standards while paying close attention to sociological, environmental, ecological and economic concerns. MSHA employs 3,200 people at various locations throughout the state. MSHA has seven district offices that handle most of the day-to-day responsibilities of constructing and maintaining highways in Maryland's twenty-three counties.

Funding for MSHA activities is provided by the Transportation Trust Fund and Federal Highway Program. These funds are used for everything from planning new roads and bridges to constructing, maintaining and operating them.

The MSHA, acting on behalf of the Authority, is managing the planning, environmental approvals, design, and construction administration for the ICC project.

Maryland Transportation Authority

The Maryland Transportation Authority (MdTA), which will be the owner and operator of the ICC, was established by the Maryland General Assembly on July 1, 1971. Pursuant to its enabling legislation, the Authority is responsible for the construction, operation, maintenance and repair of certain revenue-producing transportation facilities projects, and is the only state agency authorized to own and operate facilities and charge tolls (see Appendix A). Currently, there are seven (7) facilities owned and operated by the Authority. The ICC will be the eighth Authority toll facility.

Acting on behalf of MDOT, the Authority has various powers and duties relating to the supervision, financing, construction, operation, maintenance and repair of transportation facilities projects. In addition to its existing transportation facilities projects, the Authority may authorize the acquisition, financing, or construction of any other projects for transportation facilities, including vehicle parking, highway, airport, port, rail and transit facilities, as "transportation facilities projects." MdTA is empowered to finance the cost of transportation facilities projects by the issuance and sale of revenue bonds, notes, or other obligations.

The Authority is governed by a commission comprised of six citizen members appointed by the

Governor with the advice and consent of the Maryland Senate. By statute, the Secretary of the Department of Transportation serves as Chairman of the Authority. The Chairman serves at the pleasure of the Governor; the remaining members of the Authority are appointed for terms of three years, with the terms of two members expiring each year.

The toll highways, bridges, and tunnels owned and operated by the Authority include major, high volume interstate and primary federal highways with well established traffic and revenue history, including, most notably, I-95 in northeastern Maryland, the three crossings of the Baltimore Harbor and the Chesapeake Bay Bridge. The toll facilities under Authority ownership are:

- John F. Kennedy Memorial Highway (I-95)
- Fort McHenry Tunnel (I-95 under Baltimore Harbor)
- Baltimore Harbor Tunnel (I-895 under Baltimore Harbor)
- Francis Scott Key Bridge (I-695 over Baltimore Harbor)
- Chesapeake Bay Bridges (US 50/301)
- Harry W. Nice Memorial Bridge (US 301 over Potomac River)
- Thomas J. Hatem Memorial Bridge (US 40 over Susquehanna River)

PROJECT HISTORY

The Maryland-National Capital Park and Planning Commission (M-NCPPC) first introduced an east-west highway in the current study area in the 1950's, as part of an Outer Capital Beltway. This highway was included in M-NCPPC's 1953 *Master Plan of Highways*, the 1957 Montgomery County *General Plan* and in the 1964 Montgomery County *General Plan*. The highway was located south of Rockville at the time. In 1972, the Montgomery County Planning Board recommended, and the Montgomery County Council approved, the alignment of an Outer Beltway east of I-270 and north of Rockville.

The concept of an outer Beltway was dropped in 1975 after extensive coordination between the Maryland Department of Transportation (MDOT) and Montgomery and Prince George's Counties. However, the segment between the I-270 Corridor and the I-95/US-1 Corridor was retained because there was a recognized need for improved mobility and access between those two corridors. The retained segment became known as the Intercounty Connector (ICC) and has remained in numerous master plans since.

MDOT commenced a study of the ICC on two previous occasions; the first being in 1979, with a Draft Environmental Impact Statement (DEIS) signed on July 8, 1983. However, the study was stopped as several federal reviewing agencies expressed concern about the impact on the natural environment, and the socio-economic and traffic data became outdated. In 1991, MDOT consulted with Montgomery and Prince George's Counties to initiate a new planning study. A DEIS was signed on March 3, 1997. No final decisions were made in the study primarily due to issues regarding the location of the highway and related environmental impacts.

In 1998, a committee of national and local experts on transportation was appointed as the Transportation Solutions Group (TSG). This group was asked to develop recommendations for multi-modal transportation approaches, consistent with Smart Growth principles and other regional goals, in order to relieve congestion and improve mobility in the suburban Maryland portion of the Washington metropolitan region. The group developed a transportation network enhancement recommendation including selective road improvements for congestion relief and community building initiatives. Based upon TSG's recommendations, MDOT initiated a congestion relief intersection improvement study to identify and improve areas of congestion in the region.

Pivoting off of this study, MDOT re-initiated planning efforts for the ICC in June of 2003 with a new Purpose and Need and an increased environmental focus. This DEIS was developed with an

added environmental focus based on new laws and policies that have occurred since the circulation of the 1997 DEIS such as new Environmental Streamlining and Stewardship requirements.

In September 2002, Executive Order (EO) 13274 was signed requiring federal agencies to take appropriate actions to promote environmental stewardship in the nation's transportation system and expedite environmental review of high-priority transportation infrastructure projects (see Appendix B). The EO also created a new "Transportation Infrastructure Streamlining Task Force" to more closely coordinate Federal review on projects while simultaneously stressing the importance of improved environmental stewardship at all levels of government.

Under EO 13274, the United States Department of Transportation (USDOT) requested priority project nominations from Governors, Metropolitan Planning Organizations (MPO), transit and airport authorities, and State DOTs. Projects chosen for expedited review were deemed to demonstrate regional or national importance and contain stewardship elements and innovative approaches. The ICC was selected as one of 13 priority projects nationwide.

Concurrent with the more recent environmental review activities, in 2004, MdTA adopted the project as an Authority transportation facilities project, to be owned and operated by the Authority. In addition, the Maryland General Assembly passed legislation in 2005 (codified as Md. TR Code, Ann., § 4-321 – included within Appendix A) which, in effect, approved the conceptual financing plan for the ICC by detailing the timing and amounts of various funding sources that would be available for the project, including bonds secured by a pledge of future federal aid, Authority toll revenue bonds, State funds from the Transportation Trust Fund and General Fund, and federal funding. (See discussion under Section 6.)

With inclusion of the ICC in a listing of high priority transportation infrastructure projects, and $18.5 million in congressional appropriations, including funding in the most recent transportation authorization legislation, SAFETEA:LU ("Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users") (see Appendix C), the ICC has successfully completed the National Environmental Policy Act (NEPA) process and a Record of Decision was reached on May 29, 2006.

CURRENT ACTIVITIES

The project sponsors continue to undertake the necessary actions to support a Notice to Proceed date for the first of five design-build contracts in December 2006. These activities include:

- Establish conceptual horizontal alignments and vertical profiles to complete preliminary engineering
- Identify existing utilities and negotiate utility agreements
- Order property titles for all parcels to gain right-of-way
- Complete traffic analysis, geotechnical investigations and toll system design

PROJECT COMPLETION SCHEDULE

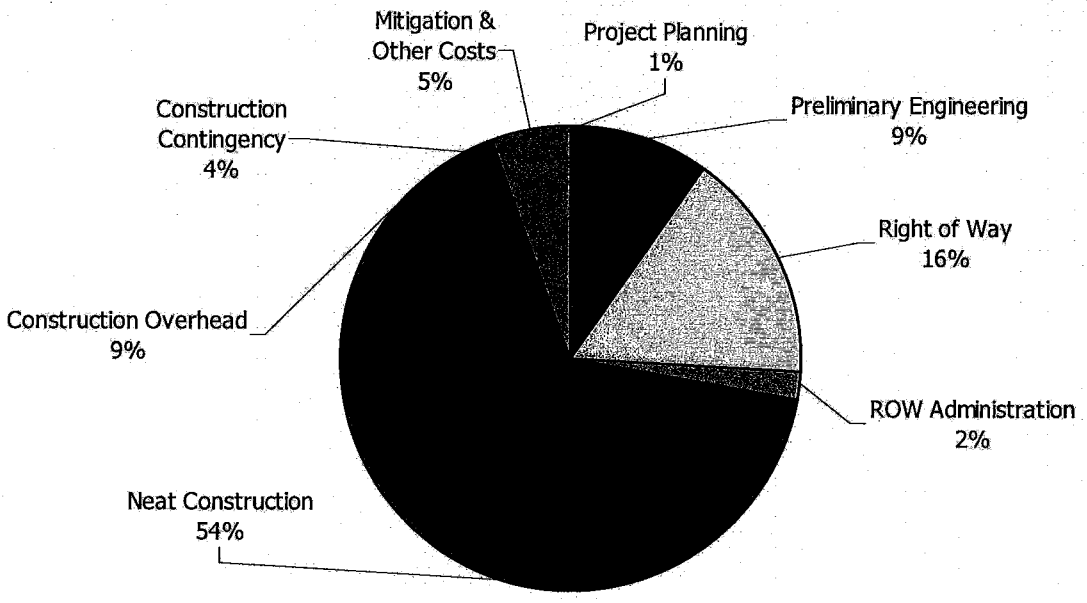
Each of the five segments of the ICC has different estimated Notice to Proceed (NTP) and completion dates. The NTP dates range from December 2006 for Contract A, to February 2008 for Contract E. The estimated completion dates range from December 2009 for Contract A, to December 2012 for Contract C (see Appendix E for details).

INTERCOUNTY CONNECTOR PROJECT WEBSITE

Additional background information regarding the Intercounty Connector Project can be found at the following internet address: www.iccstudy.org.

Exhibit 2-4b: Total Project Cost Estimate by Phase Chart (YOE $)

Total Cost Estimate: $2,445,908,752



COSTS INCURRED TO DATE (2003 THROUGH SEPTEMBER 30, 2005)

As noted in the following Exhibit 2-5, the Intercounty Connector Project has expended $48,801,150 from 2003 through September 30, 2005, out of a total estimated project cost of $2,445,908,752. Expenditures to date included Project Planning, Preliminary Engineering to support the NEPA process, and advance Right of Way (ROW) acquisition and represent approximately 2% of the total cost estimate.

Exhibit 2-5: Total YOE$ Cost Estimate vs. Total Expenditures as of Sept. 30, 2005

Element	YOE $ Estimate	Expended to Date	Percent of Element Estimate
Project Planning	$ 29,190,000	$ 23,106,065	79%
Preliminary Engineering	$ 210,698,767	$ 19,249,883	9%
Right of Way & Admin	$ 441,489,633	$ 6,445,202	1%
Neat Construction	$ 1,322,338,804	$ 0	0%
Construction Overhead	$ 216,480,086	$ 0	0%
Construction Contingency	$ 92,563,716	$ 0	0%
Mitigation & Other Costs	$ 133,147,745	$ 0	0%
GRAND TOTALS	**$ 2,445,908,752**	**$48,801,150**	**2%**

Exhibit 2-6 below summarizes the expenditures incurred by state fiscal year[1].

Exhibit 2-6: Annual Summary of Project Expenditures by State Fiscal Year[1]

Fiscal Year	Project Planning	Preliminary Engineering	Right of Way	Total
2003	$ 1,195,899	$ 180,235	$ -	$ 1,376,134
2004	$ 8,893,070	$ 8,110,605	$ 3,207,819	$ 20,211,494
2005	$ 11,251,111	$ 8,892,973	$ 3,146,213	$ 23,290,297
2006*	$ 1,765,985	$ 2,066,070	$ 91,169	$ 3,923,224
Total	**$ 23,106,065**	**$ 19,249,883**	**$ 6,445,202**	**$ 48,801,150**

**Totals for FY 2006 represent YTD expenditures through September 2005.*

COST TO COMPLETE

The remaining cost to complete the ICC project is $2,397,107,602. The rate of annual expenditures throughout the construction duration will be summarized within the following section.

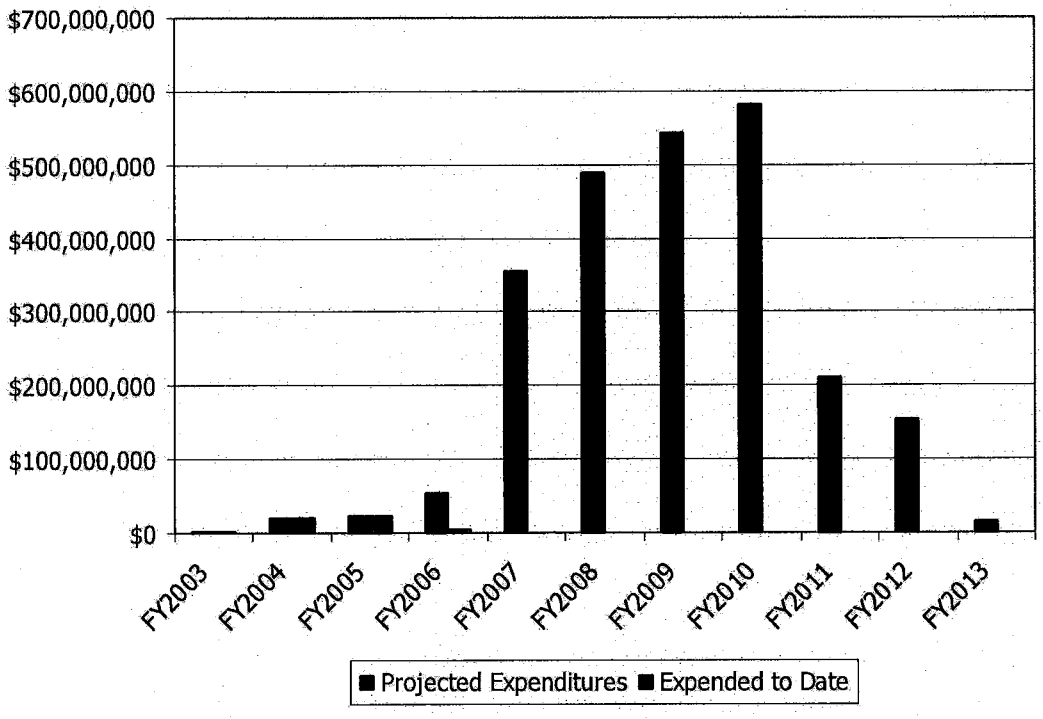
[1] State fiscal year runs from July 1 – June 30. (FY06 = July 2005 – June 2006)

Exhibit 3-4a: Annual Actual and Projected Expenditures by State Fiscal Year (YOE$)

State Fiscal Year	Expended to Date	Projected Expenditures	Total Expenditure Forecast	Cumulative Expenditures
FY2003	$1,376,134	$0	$1,376,134	$1,376,134
FY2004	$20,211,494	$0	$20,211,494	$21,587,628
FY2005	$23,290,297	$0	$23,290,297	$44,877,926
FY2006	$3,923,224	$51,317,202	$55,240,426	$100,118,352
FY2007	$0	$355,645,098	$355,645,098	$455,763,450
FY2008	$0	$487,439,226	$487,439,226	$943,202,675
FY2009	$0	$540,526,615	$540,526,615	$1,483,729,290
FY2010	$0	$581,389,516	$581,389,516	$2,065,118,806
FY2011	$0	$210,424,380	$210,424,380	$2,275,543,187
FY2012	$0	$154,116,952	$154,116,952	$2,429,660,139
FY2013	$0	$16,248,614	$16,248,614	$2,445,908,753
TOTAL	**$48,801,150**	**$2,397,107,603**	**$2,445,908,753**	**$2,445,908,753**

Exhibit 3-4b below provides a graphical summary of the annual actual and forecasted expenditures for the Intercounty Connector Project.

Exhibit 3-4b: Annual Actual and Projected Expenditures by State Fiscal Year (YOE$)



In summary, the implementation plan for the project impacts two significant components: the year of expenditure cost estimates and the projected cash flow needs for the project.

If there were to be any shifts to the project schedule, costs due to escalation will impact the year of expenditure cost estimate for the ICC. As noted in Section 2, MSHA employs a 3.75% annual escalation factor for non-right of way costs in FY2006, which decreases to 3.50% beginning in FY2007 through project completion. For right of way, a 5.50% annual escalation factor is used in 2006 and 2007, which decreases to 5.00% in 2008, before final adjustment to 4.50% in FY2009 (the final year of planned ROW activities).

Finally, any adjustment to the schedule will impact the cash flow forecast. The methodology as provided earlier in this section would be adjusted accordingly to reflect the latest schedule changes.

IMPACT OF OTHER FUTURE COST CHANGES

The project sponsors acknowledge that potential unforeseen events may result in cost increases. Potential unforeseen events that typically occur throughout the life of a project of this magnitude may include:

- Changed environmental and subsurface/site conditions including utility relocations
- Contractor changes
- Removal of hazardous materials
- Schedule delays and accelerations
- Unanticipated overtime costs
- Changes in government rules and regulations
- Owner requested changes
- Unanticipated federal or state transportation budget changes
- Construction contract incentives/disincentives
- Third party concerns
- Dispute or litigation

If unforeseen events occur, they will be addressed in the weekly project teleconference, which includes the FHWA, MSHA, the Authority and GEC project managers. In addition, the corresponding adjustments will be incorporated into the annual updates to the financial plan. Section 4 presents various mitigation strategies that can be implemented to reduce or eliminate the impact of the above changes and other risks.

SECTION 4 – PROJECT FINANCING AND REVENUES

OVERALL FINANCIAL PLAN

The ICC Project will be financed with a combination of toll revenues, federal, and state funding sources. The variety of funding sources to be used is intended to provide a greater degree of flexibility and stability than would result from a single-sourced funding plan. The plan has been developed in conjunction with legislation passed by the Maryland General Assembly in its 2005 session, which endorsed the funding plan for the project (reference Maryland Transportation Code, Annotated, §4-321; see Appendix A).

The total funding package of $2,445.9 million is comprised of a combination of the following state and federal sources:

- $1,232.5 million in Authority toll revenue backed bonds and cash
- $750.0 million in Grant Anticipation Revenue Vehicle (GARVEE) bonds
- $264.9 million in state general funds
- $180.0 million in state transportation trust funds
- $18.5 million in special federal funds

Details regarding the timing of these funding sources can be found in the Plan of Finance in Appendix F. In total, the project sponsors have $2,275.7 million in committed funds and an additional $170.2 million in anticipated funds (which fall outside of the current six year capital plan) to fully fund the project.

COMMITTED FUNDING SOURCES - $2,275.7 Million

Maryland Transportation Authority Funds - $1,062.3 Million

In total, the Authority (MdTA) will contribute $1,232.5 million toward the project cost, most of which will come from toll revenue bonds that will be secured by a system-wide pledge of Authority facility revenues, *i.e.* toll revenues from the seven (7) existing toll facilities and from the ICC. The collective strength of the revenue base from all of these facilities supports this debt.

As planned in the Authority's current six-year Consolidated Transportation Plan, $1,062.3 million of the $1,232.5 million will be provided to the ICC during that period of time (FY2006 – FY2011). The balance of funding will be provided in the years subsequent to the current six-year plan. Given that the six-year capital plan represents a commitment from the Authority from a budgetary and capital planning perspective, the $1,062.3 million is considered as committed to the project.

GARVEE Bonds - $750.0 Million

The Authority will issue GARVEE bonds in support of the ICC Project, secured by a MSHA pledge of a portion of future years' federal highway funds for the debt service for those bonds. The 2005 legislation specifically authorized the issuance of up to $750 million in GARVEE bonds for the ICC (see Appendices A and I). The full $750 million is planned to be issued in the current Authority six-year Consolidated Transportation Plan and is thereby considered committed to the project.

Funding requirements to support the GARVEE debt service have been incorporated into MSHA financial forecasts as required. In addition, the 2005 legislation created a subordinate pledge of the Maryland Transportation Trust Fund revenues to be used for GARVEE debt service if future federal aid is insufficient to pay such debt service. Pledged taxes are levied under Section 3-215 of the Transportation Article, Title 3, Subtitle 2.

Debt service for the GARVEE Bonds is projected to peak at approximately $86 million per year beginning in state fiscal year 2010. Given that the federal aid program at that time will be approximately $600 million per year, GARVEE debt service of $86 million per year would use only 14% of the total annual federal aid funds authorized for Maryland. This low percentage will not impact federal aid that is designated to support system preservation requirements.

State of Maryland General Fund - $264.9 Million

The State of Maryland has committed $264.9 million to the ICC Project to be paid out of the General Fund of the State Treasury. This amount is specified in the 2005 legislation (see Appendix A). This funding is planned to begin in 2007, with payment of at least $50 million per year through 2009, and a final payment of $114.9 million in 2010.

State of Maryland Transportation Trust Fund - $180.0 Million

The State of Maryland has committed $180.0 million to the ICC Project within its current six-year Consolidated Transportation Program to be paid from the Transportation Trust Fund. As noted above, the State legislation passed in the 2005 session of the Maryland General Assembly requires at least $180 million in Transportation Trust Fund monies to be spent on the project. The full $180 million is planned to be issued in the current MSHA six-year Consolidated Transportation Plan and is thereby considered committed to the project.

Special Federal Funds - $18.5 Million

Currently, a total of $18.5 million of special federal funding has been authorized or appropriated by Congress for planning, preliminary engineering and design, final engineering, right of way acquisition, and construction on the ICC project.

The FY2004 US Department of Transportation and Related Agencies Appropriations Bill included $500,000 in the National Corridor Planning and Border Infrastructure program for the ICC project. In addition, the 2005 transportation reauthorization legislation – Safe, Accountable, Flexible and Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU) provided a total of $18,000,000 in earmarked funds under Section 1302 (National Corridor Improvement Program - $10 million) and Section 1702 (High Priority Earmarks - $8 million).

The funding presented above is provided via Highway Trust Fund contract authority and is to remain available until fully expended.

ANTICIPATED FUNDING SOURCES - $170.2 Million

Maryland Transportation Authority Funds - $170.2 Million

As noted earlier, the balance of capital funds to be provided by the Authority outside of the six year capital plan totals $170.2 million. These funds will be made available in state FY2012 and FY2013. The Authority has incorporated these funds for the ICC project into its financial forecast; these funds will be shifted to the committed category in the next two years as the then current six year capital program incorporates FY2012 and FY2013 expenditures.

SUMMARY OF COMMITTED & ANTICIPATED FUNDING

Based on the committed and anticipated funding sources outlined above, the following chart summarizes the sources and amounts of funding required to complete the ICC Project:

Exhibit 4-1: Funding Sources for the ICC Project

Funding Source	Committed	Planned	Total
MdTA Funds	$1,062,300,000	$170,200,000	$1,232,500,000
GARVEE Bonds	$ 750,000,000	$0	$ 750,000,000
Maryland General Fund	$ 264,910,000	$0	$ 264,910,000
Maryland Transportation Trust Fund	$ 180,000,000	$0	$ 180,000,000
Special Federal Funds	$ 18,500,000	$0	$ 18,500,000
TOTAL	**$2,275,710,000**	**$170,200,000**	**$2,445,910,000**

KEY REVENUE ASSUMPTIONS, RISKS, AND MITIGATIONS

Based on the committed and anticipated funding sources previously described, the following Exhibit 4-2 summarizes the potential risks associated with the anticipated funding.

Exhibit 4-2: Summary of Key Risks

Risk Category	Description
Time/Cost	**Construction** – costs may escalate as design and construction proceeds.
	Project Schedule and Inflation – any early delays will have a ripple effect on the overall schedule. Current inflation assumptions indicate an increase of $70 million in project cost for every year of delay in the project.
	Interest Rate Risk – if interest rates are higher than assumed, a larger amount of federal highway funds and toll revenues would be required to service the assumed level of debt for the project.
Revenue	**MD General Funds** – The Maryland General Fund component of the funding plan is specified in law; however, considering that they are also appropriated on an annual basis, timing and amounts could fluctuate.
	Authority Toll Revenues – Toll revenues across the Authority system, including the ICC, may be lower than forecast. Delays to ICC completion could decrease the assumed ICC toll revenue contributing to the system wide pledge of Authority revenues.

If the project sponsors encounter any changes to the financial profile of the project due to the risks noted above, there are one or more risk mitigation strategies that could be implemented to offset those changes. The following Exhibit 4.3 summarizes the risk mitigation strategies available to the project sponsors.

Exhibit 4-3: Summary of Key Mitigation Strategies

Risk Mitigation Strategies
Value Engineering can be used to identify cost savings during design while maintaining project benefits.
Design-Build contractors will be selected to manage and deliver discrete project segments. This provides the contractor with the flexibility to begin designing other parts of the project while still constructing another part.
MSHA has contracted with a GEC to provide **program management** services. With this integrated approach and perspective, the GEC can coordinate activities of contractors to advance the project in the most cost-effective manner.
The **financial strength of the project is due in large measure to its multi-sourced funding plan**, using four separate funding sources (Authority funds, federal funds, Maryland Transportation Trust Funds and General Funds). **Other funding sources** that could be utilized if necessary include, but are not limited to, regular federal aid apportionments, other federal funds, other bond proceeds and other state funding sources.
The financial strength of the project is also due to the use of a **system-wide pledge of revenues from the Authority.** The toll revenue bonds are secured by a system-wide pledge, including revenues from 7 existing toll facilities as well as the ICC. Under its toll revenue bond Trust Agreement, the Authority is required to raise tolls if necessary to pay for debt service on outstanding bonds.
Interest rate assumptions in the finance plan are conservative, and would allow for increases above current interest rates without affecting the viability of the plan. Additionally, the use of a **TIFIA loan** can mitigate this risk. A TIFIA loan rate can be locked in on the date of approval (when rates are known), while loan draws are deferred until required for the project.
Use of various **TIFIA loan** provisions (deferral of debt service payments, longer maturities, etc.) could offset the effects of a slower ramp-up in ICC project revenues and provide flexibility in meeting the timing of funding requirements.
Potential right of way cost reductions through Park property purchase options as well as the donation of lands by others along the alignment.

In addition to the risks and mitigation strategies discussed above, the project sponsors acknowledge that under the design-build contracting process, there is the possibility that the project could be delivered faster than currently planned. In the event this occurs, a number of financial related factors will be evaluated to determine the impact to the overall financial plan. These factors could include:

- Potential cost savings, especially for state overhead intensive expenditures that are driven by the schedule duration.
- Accelerated realization of toll revenues to support debt service.
- Potential need to adjust the timing of capital funds via accelerating bond issuance(s).

Under this scenario, the project sponsors will adjust the financial plan as necessary and adopt one or more of the aforementioned mitigation strategies (if necessary).

SECTION 5 - PROJECT CASH FLOW

The ICC Project will be financed with a combination of federal and state funds, GARVEE Bonds and toll-revenue secured debt. In addition to the committed funding sources, all revenue analyses presented are based on the assumption that the anticipated funding measures discussed in Section 4 will be provided as planned. A summary of the Authority's funding plan for the project throughout its construction period is provided in Appendix F.

REVENUE TIMING BY SOURCE

Maryland Transportation Authority Funds ($1,232.5 Million)

The Maryland Transportation Authority will issue toll revenue bonds in combination with a small amount of cash reserves to cover approximately 50% of the total project cost. In addition to cash contributions that commenced in FY2004, the toll revenue bonds are scheduled to be issued annually beginning in FY2008 throughout the remainder of the construction timeline.

GARVEE Bonds ($750 Million)

As noted in Section 4, the Maryland Transportation Authority will issue Grant Anticipation Revenue Vehicle (GARVEE) bonds for the ICC Project that will be repaid using a portion of the annual apportionments received by the State from the Federal Highway Administration in support of the Federal-Aid Highway program. The GARVEE bonds will be issued in two tranches, the first occurring in FY2007 and another scheduled for FY2009.

Maryland General Funds ($264.9 Million)

The State will also provide $264.9 million from the General Fund. Pursuant to the 2005 legislation, at least $50 million per year would be transferred for the project in each of FY2007 through FY2010. The finance plan provides $50 million per year from FY2007 through FY2009, with a $114.9 million payment scheduled for FY2010.

Maryland Transportation Trust Funds ($180.0 Million)

The State of Maryland will provide $180.0 million in funding from the Transportation Trust Fund for the ICC Project. The 2005 State legislation provides that $22 million would be made available for the project in FY2005, $38 million in FY2006, and at least $30 million per year in FY2007 through FY2010.

Federal Special Funds ($18.5 Million)

As noted in Section 4, the ICC Project has received special federal funds totaling $18.5 million. The current funding plan for the ICC assumes all funds will be in place and utilized in FY2006. Since these high priority funds will be made available on an annual basis throughout the duration of SAFETEA:LU, MSHA will take advantage of Advance Construction (AC) or Section 1936 of SAFETEA:LU to pay for any expenditures prior to receipt of the high priority funds.

TOTAL PROJECT REVENUE TIMING

The following exhibit summarizes the planned funding for the ICC Project over the life of the project.

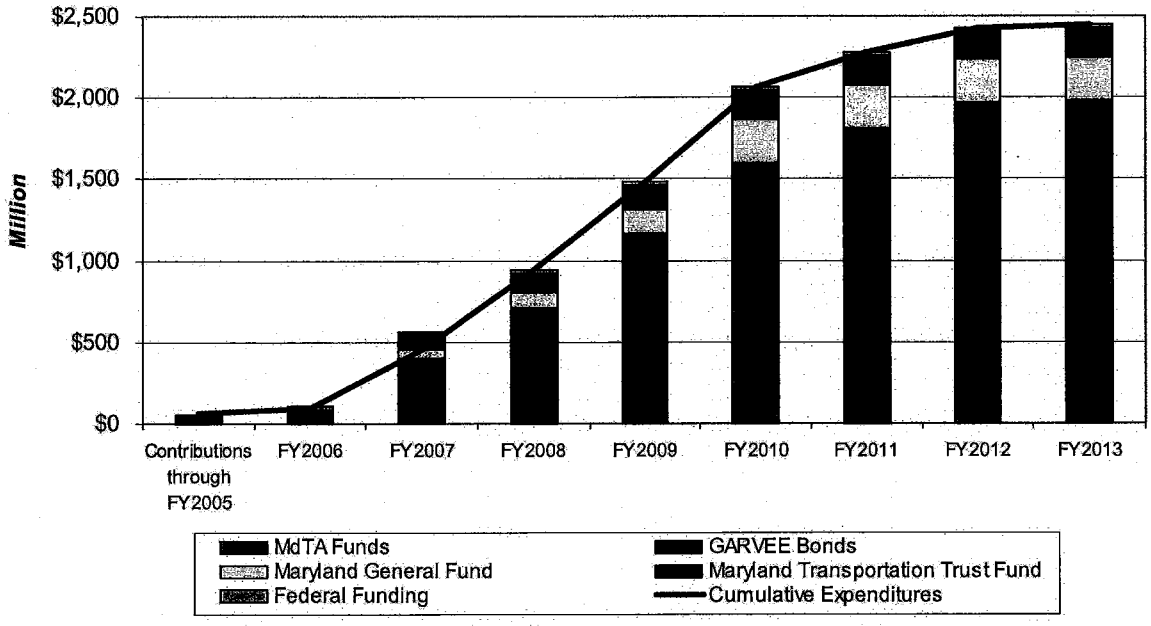
Exhibit 5-1: Summary of Project Funding by Fiscal Year

Fiscal Year	MdTA Funds	GARVEE Bonds	Maryland General Fund	Maryland Transportation Trust Fund	Federal Funding	Total Funds
Contributions through FY2005	$26.8	$0.0	$0.0	$22.0	$0.0	$48.8
FY2006	$0.0	$0.0	$0.0	$38.0	$18.5	$56.5
FY2007	$0.0	$380.0	$50.0	$30.0	$0.0	$460.0
FY2008	$298.7	$0.0	$50.0	$30.0	$0.0	$378.7
FY2009	$90.0	$370.0	$50.0	$30.0	$0.0	$540.0
FY2010	$436.3	$0.0	$114.9	$30.0	$0.0	$581.2
FY2011	$210.5	$0.0	$0.0	$0.0	$0.0	$210.5
FY2012	$154.1	$0.0	$0.0	$0.0	$0.0	$154.1
FY2013	$16.2	$0.0	$0.0	$0.0	$0.0	$16.2
Total	**$1,232.5**	**$750.0**	**$264.9**	**$180.0**	**$18.5**	**$2,445.9**

PROJECT FUNDING VS. PLANNED EXPENDITURES

Based on the cumulative expenditure forecast developed in Section 3, Exhibit 5-2 presents a comparison of cumulative planned expenditures (uses) to the cumulative sources of funds. In summary, the sources of funds will be available such that they will sufficiently cover expenditures on an annual basis throughout the life of the project.

Exhibit 5-2: ICC Project Cumulative Sources and Uses Forecast (YOE$)



Maryland Department of Transportation
Office of Planning

March 13, 2006

Maryland Department of Transportation

BRAC Initiatives

Since the initiation of the Maryland Military Strategic Planning Council, the Maryland Department of Transportation has maintained or initiated work on the following ongoing projects and studies:

Aberdeen Proving Grounds

- *US 40 Resurfacing* – from MD 152 to the MD 24 overpass, $10.9 million
- *US 40 Hatem Bridge* – deck replacement, $32.2 million
- *US 40 at MD 715* - interchange improvements, $11 - 12 million
- *I-95*–north of I-895 split to north of MD 43, interchange improvements and managed lanes, $810.9 million
- *I-95* from north of MD 43 to north of MD 22. $650 – 750 million
- *I-95* from north of MD 22 to the Delaware State line. Planning studies for additional capacity improvements.
- *I-95/MD 24* interchange reconstruction, $83.6 million
- *MD 755 from MD 24 to* Willoughby Beach Road, $3.4 million
- *Perryman Access Study* –study to improve access from US 40 to the Perryman Peninsula, $90,000 - $700,000
- *Edgewood MARC Station* –parking expansion, $1.7 million
- *MARC Study*, Baltimore City line to Delaware State line, $50,000
- *Aberdeen Area Traffic Study* - An assessment of BRAC-related growth on the existing highway network.

Andrews Air Force Base

- *MD 4 Interchange* – construct new interchange at Suitland Parkway, $92.3 million
- *MD 4* – MD 223 to I-95/I495, $180-200 million
- *MD 5* – US 301 at TB to north of I-95/I-495- improvement study, $125-135 million
- *I-95/I-495* – construct replacement Woodrow Wilson Bridge, $2,400 million
- *I-95/I-495* – American Legion Br. to Woodrow Wilson Br., $2,900 – 3,100 million
- *I*-95/I-495 – Interchange at Branch Avenue (MD 5): Phase 1, $53 million
- *I*-95/I-495 – Interchange at Branch Avenue (MD 5): Phase 2, $50 – 60 million

Bethesda National Naval Medical Center

- *Bi-County Transitway Study,* transit connection between New Carrollton and Bethesda Metrorail Stations, $680-1700 million
- *Inter County Connector* –new highway between I-270 and I-95/US1, $3,100 million

Fort Detrick

- *I-70*- reconstruct highway from Mount Phillip Road to MD 144, $90-110 million
- *US 15* - reconstruct interchange at MD 26, $1.9 Million
- *MD 85* - English Muffin Way to north of Grove Road. $140 -150 million
- *I-270/US 15 Multimodal Corridor Study* –Shady Grove Metro Station to north of Biggs Ford Road, $2,300 – 2,500 million
- *US 15,* New interchange at Monocacy Blvd./Christopher Crossing, $80.0 million
- *US 15,* - Provide revised access signage to Fort Detrick, $0.4 million

Fort George Meade

- *MD 32 Interchanges at Canine and Samford Roads* –$26.4 million
- *MD 174 Bridge over I-97* – $13.3 million
- *MD 3 from US 50 to MD 32* – $640 – 660 million
- *Odenton MARC Station Parking Expansion* – 700-750 space surface parking lot, $8.1 million. 2,500-3,500 space structured parking garage, $50 – 70 million
- *MD 175 from MD 170 to MD 295*– $2.5 million planning study
- *Metro Green Line Extension* –Greenbelt to BWI Marshall, $2,500 – 3,000 million
- *Central Maryland Transit Facility*, Ft. Meade, costs to be determined
- *MD 295, I-695* – I-195, $23.9 million
- *MD 295, MD 100 to I-195*, $350 - 370 million
- *MD 216 Rel.* – I-95 to US29, $29.6 million
- *MD 32*, new interchange at Burntwoods Road, $31.8 million
- *MD 32,* MD 108 to I-70, $195 to205 million
- *US 1,* PG County Line to Baltimore County Line Study, $1.3 million
- *MD 201 Ext./US 1*, I-95/I-495 to MD 198, $500-520 million
- *MD 28/MD198,* Corridor Study between MD 97 and I-95, $240 – 260 million
- *US 29*, interchange at Randolph/Cherry Hill Roads, $47.1 million
- *US 29*, interchange at Briggs-Chaney Road, $48.8 million
- *US 29*, interchange at MD 198, $47.1 Million

Naval Surface Warfare Center at Carderock

- *I-95/I-495* – American Legion Br. to Woodrow Wilson Br., $2,900 – 3,100 million

Naval Surface Warfare Center at Indian Head

- *MD 210,* MD 228 to I-95/I-495 –upgrade MD 210 to a 6-lane freeway, $270 –290 million
- *I-295 – I-495*, access improvements at MD 414 Ext., $53.4 million

Patuxent River Naval Air Station

- *MD 235* from MD 246 to MD 4 – $76.2 million
- *MD 5*, Hughesville Bypass –$54.0 million
- *MD 2/4,* Prince Frederick Bypass– $85 – 95 million
- *MD 2/4,* intersection with MD 231 – $23.5 million
- *MD 237,* Pegg Road to MD 235 - $53.3 million